

Message Text

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ACTION NEA-10

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FM AMEMBASSY TEL AVIV
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INFO AMEMBASSY AMMAN
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AMEMBASSY DAMASCUS
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E.O.11652: N/A
TAGS: PFORS, PINT, IS
SUBJ: FREEING OF CONVICTED EMBEZZLER STIRS POLITICAL CONTROVERSY

1. SUMMARY: THE FREEING OF YEHOSHUA BENSION ON
HEALTH GROUNDS HAS STIRRED UP A MAJOR CONTROVERSY ALONG POLITICAL
LINES. BENSION IS A RIGHT-WINGER WHO WAS CONVICTED BY A LABOR
GOVERNMENT AND NOW GIVEN A PRESIDENTIAL COMMUTATION OF SENTENCE
UNDER A RIGHTIST GOVERNMENT. MEANWHILE THE CABINET DECIDED TO
APPOINT A PUBLIC COMMITTEE TO LOOK INTO ORGANIZED CRIME AND
PRIME MINISTER BEGIN, WITH AN EYE TO IMPENDING LEGISLATION,
TURNED DOWN SWITZERLAND'S REQUEST FOR THE EXTRADITION OF AN
ISRAELI. END SUMMARY.

2. A PRESIDENTIAL DECREE ON SEPTEMBER 8 COMMUTING THE PRISON TERM
BEING SERVED BY JEHOASHUA BENSION FOR EMBEZZLEMENT HAS AROUSED
A STORM OF CONTROVERSY IN ISRAEL. BENSION WAS CONVICTED IN FEB-
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RUARY 1975 IN A CELEBRATED CASE FOR EMBEZZLING \$47 MILLION FROM
THE ISRAEL-BRITISH BANK THAT HE MANAGED AND RECEIVED A 12-YEAR
SENTENCE AND FINED THE UNPRECEDENTED SUM OF IL25 MILLION. THE
COMMUTATION WAS APPROVED ON THE GROUNDS OF BENSION'S FAILING HEALTH
AND ON THE RECOMMENDATION OF PRIME MINISTER BEGIN IN HIS CAPACITY
AS ACTING MINISTER OF JUSTICE.

3. STRONG OPPOSITION TO THE COMMUTATION ARISES FROM THE BELIEF THAT IT WAS A POLITICAL ACT AND POLITICIANS ARE GENERALLY SPLIT ON THE ISSUE ALONG PARTY LINES. IT IS ARGUED THAT BEGIN SHOULD HAVE DISQUALIFIED HIMSELF FROM THE CASE INASMUCH AS IN OPPOSITION HE HAD URGED A PARDON FROM BENZION. BEGIN'S PERSONAL SELF-INTEREST IS QUESTIONED BECAUSE IT IS ALLEGED THAT BENZION WAS CLOSE TO THE LIKUD AND A GENEROUS CONTRIBUTOR TO THE HERUT PARTY'S TEL HAI FUND. BENZION, WHO MAINTAINS HIS INNOCENCE AND SAYS HE WILL SEEK A NEW TRIAL, SAYS HE IS A SUPPORTER OF THE COMPLETE LAND OF ISRAEL MOVEMENT AND THE GUSH EMUNIM BUT DENIES ANY AFFILIATION WITH HERUT OR CONTRIBUTION TO TEL HAI.

4. BEGIN HAS VIGOROUSLY DEFENDED HIS ACTION AS A "HUMANE, POSITIVE ACT," WHICH REFLECTED THE OPINION OF "OUTSTANDING DOCTORS" CONCERNING BENZION'S FRAGILE HEALTH. BEGIN ALSO STRESSED THAT PRESIDENT KATZIR HAD DECIDED "MONTHS AGO" THAT BENZION'S CONDITION WARRANTED CLEMENCY. ON THE OTHER HAND, FORMER JUSTICE MINISTER HAIM ZADOK ARGUED THAT A STANDING COMMITTEE EXISTS TO DECIDE ON CLEMENCY FOR PRISONERS ON THE GROUNDS OF HEALTH AND THAT THIS COMMITTEE HAD BEEN BY-PASSED.

5. COMMENT: BENZION'S TRIAL WAS AMONG THE FIRST OF ISRAEL'S BIG CORRUPTION CASES AND MANY SAW IN HIS CONVICTION THE BEGINNING OF AN OVERDUE HOUSECLEANING IN HIGH PLACES WHICH, INTER ALIA, LED TO ASHER YADLIN'S CONVICTION EARLIER THIS YEAR. POLITICS ASIDE, OBSERVERS WONDER WHETHER FREEING BENZION WAS DUE MORE TO HIS CON-

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NECTIONS THAN HIS POOR HEALTH. THEY FEAR IT MAY UNDERMINE PUBLIC FAITH IN ISRAEL'S JUDICIAL PROCESS. END COMMENT.

6. IN OTHER CRIME NEWS THE CABINET AT ITS WEEKLY MEETING SEPT 11 DECIDED TO APPOINT A PUBLIC COMMITTEE TO RECOMMEND WAYS OF FIGHTING CRIME AND IMPROVING LAW ENFORCEMENT. IT ALSO APPROVED THE APPOINTMENT OF YA'ACOV KEDMI, FORMER HEAD OF THE POLICE INVESTIGATION DEPARTMENT, AS DEPUTY ATTORNEY-GENERAL TO COORDINATE THE NUMEROUS BODIES DEALING WITH CRIME. THESE MOVES REFLECT WIDESPREAD CONCERN WITH THE GROWTH OF ORGANIZED CRIME IN ISRAEL.

7. IN ANOTHER CRIME-RELATED ACTION, BEGIN, AGAIN ACTING AS JUSTICE MINISTER, TURNED DOWN SWITZERLAND'S REQUEST FOR THE EXTRADITION OF RUEVEN PESAHOVITZ, ACCUSED OF FRAUD AND EMBEZZLEMENT OF OVER 10 MILLION SWISS FRANCS. ACCORDING TO THE JERUSALEM POST, BEGIN ACTED AGAINST THE ADVICE OF ATTORNEY-GENERAL BARAK. REPORTEDLY THE DRAFTERS OF PROPOSED LEGISLATION WHICH WOULD PROHIBIT THE EXTRADITION OF ISRAELI CITIZENS (TEL AVIV 5769) HAD PESAHOVITZ IN MIND AND NOT MK FLATTO-SHARON, AS WIDELY ASSUMED.

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